

CK# 0112729/62-8  
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DKT-15-0768 Connie  
Donna  
JasM

February 13, 2015

**VIA HAND DELIVERY AND E-FILE**

Ms. Donna Nickerson, Acting Secretary  
Delaware Public Service Commission  
861 Silver Lake Boulevard  
Cannon Building, Suite 100  
Dover, Delaware 19904

RECEIVED  
2015 FEB 13 PM 12 12  
DELAWARE P.S.C.

RE: Chesapeake Utilities Corporation – Delaware Division  
Rate Schedule "NGV"

Dear Ms. Nickerson:

Enclosed for filing is an original copy of Chesapeake Utilities Corporation's ("Chesapeake") application to change the price it charges for compressed natural gas ("CNG") under Rate Schedule "NGV" - Natural Gas Vehicle Service, found at Sheet No. 34 of its Delaware Division Tariff, to be effective for service rendered on and after April 14, 2015. An electronic copy of this filing has also been submitted.

The basis and reasons for the proposed change is discussed and explained in the enclosed application.

Also enclosed is the Delaware Public Service Commission's "Filing Cover Sheet" along with the application fee of \$100.00.

Should you have any questions with regard to this submission, please contact me at 302.736.7635.

Sincerely,

A handwritten signature in black ink, appearing to read "Will O'Brien".

William O'Brien  
Director of Pricing and Regulatory Affairs

Enclosures

CC: William A. Denman, Esquire  
David L. Bonar, Public Advocate (by e-mail)

Chesapeake Utilities Corporation

350 South Queen Street • Dover, Delaware 19904 • 302.734.6797 • 302.735.3061 / fax

www.chpkgas.com

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE**

**IN THE MATTER OF THE APPLICATION OF )  
CHESAPEAKE UTILITIES CORPORATION )  
FOR APPROVAL OF CHANGES TO RATE )  
SCHEDULE "NGV" OF ITS DELAWARE )  
TARIFF )  
(FILED FEBRUARY 13, 2015) )**

**P.S.C. DOCKET NO. 14-**

*9108*

Chesapeake Utilities Corporation ("Applicant" or "Company"), pursuant to 26 Del. Code Sections 201, 301 and 304, makes the following application for approval by the Delaware Public Service Commission ("Commission") to change the price it charges for compressed natural gas ("CNG") under Rate Schedule "NGV" - Natural Gas Vehicle Service, found at Sheet No. 34 of its Delaware Division Tariff.

1. Applicant is Chesapeake Utilities Corporation, 909 Silver Lake Boulevard, Dover, Delaware 19904. All communications should be addressed to the Applicant at the following address, Attention: William F. O'Brien, Director of Pricing and Regulatory Affairs, 350 South Queen Street, P.O. Box 1769, Dover, Delaware 19903 or at the following email address: bobrien@chpk.com. The respective phone number and fax number are 302.736.7635 and 302.735.3061.

2. Counsel for the Applicant is William A. Denman, Esquire, Parkowski, Guerke & Swayze P.A., 116 West Water Street, P.O. Box 598, Dover, Delaware 19903. Correspondence and other communications concerning this application should be directed to counsel at the foregoing address, or at the following e-mail address: wdenman@pgslegal.com. The respective phone number and fax number are 302.678.3262 and 302.678.9415.

For PSC Use Only:

Docket No. \_\_\_\_\_

Filing Date: \_\_\_\_\_

Reviewer: \_\_\_\_\_

Given to: \_\_\_\_\_

**DELAWARE PUBLIC SERVICE COMMISSION  
FILING COVER SHEET**

1. NAME OF APPLICANT: Chesapeake Utilities Corporation  
2. TYPE OF FILING: RATE CHANGE X  
FUEL ADJUSTMENT \_\_\_\_\_  
ADMINISTRATIVE \_\_\_\_\_  
CPCN \_\_\_\_\_  
NEW SERVICE OFFERING \_\_\_\_\_  
OTHER \_\_\_\_\_

IF A TELECOMMUNICATIONS FILING, WHAT TYPE OF SERVICE IS IMPACTED?  
(PLEASE CHECK)

BASIC \_\_\_\_\_ COMPETITIVE \_\_\_\_\_ DISCRETIONARY \_\_\_\_\_

3. PROPOSED EFFECTIVE DATE: 04/14/2015

IS EXPEDITED TREATMENT REQUESTED? YES \_\_\_\_\_ NO X

4. SHORT SYNOPSIS OF FILING: Chesapeake Utilities Corporation seeks approval of changes to Rate Schedule "NGV" of its Delaware Tariff.

5. DOES THIS FILING RELATE TO PENDING DOCKETS? YES \_\_\_\_\_ NO X

IF SO, PLEASE LIST DOCKET(S) NO(S):

6. IS PUBLIC NOTICE REQUIRED? YES X NO \_\_\_\_\_  
IF YES, PLEASE ATTACH COPY OF PROPOSED PUBLIC NOTICE.

7. APPLICANT'S CONTACT PERSON: (NAME) William F. O'Brien  
(TITLE) Directory of Pricing & Regulatory Affairs  
(TELE. NO.) 302.736.7635  
(FAX NO.) 302.734.6011

8. DID YOU PROVIDE A COMPLETE COPY OF THE FILING TO THE PUBLIC ADVOCATE?

YES X NO \_\_\_\_\_ IF SO, WHEN? February 13, 2015

9. FILING FEE ENCLOSED: \$100.00  
(AMOUNT)

NOTE: House Bill 681, enacted into law 7/13/98, authorizes the Commission to recover the cost of time spent by in-house staff to process all filings initiated after the date of enactment. You may be required to reimburse the Commission for staff time.

3. Pursuant to 26 Del. C. § 304, Applicant requests permission to revise its current Rate Schedule "NGV" to establish a new benchmark for its pricing of CNG for Natural Gas Vehicle service. The proposed changes are shown in the redlined and clean copies of Rate Schedule "NGV" attached hereto as Attachment "A" and Attachment "B." In accordance with 26 Del. C. § 304, Applicant requests an effective date of the proposed changes of sixty (60) days from the date of filing, or April 14, 2015.

4. Applicant proposes to set its CNG price at the average CNG price for natural gas vehicles in the central Atlantic region rather than at the equivalent price per gallon of gasoline. The Company proposes this change because today's CNG market is sufficiently competitive to establish a market-based price for use in the "NGV" tariff and therefore would reflect a more appropriate benchmark than gasoline pricing. As discussed further below, indexing the NGV price against CNG pricing rather than gasoline pricing should lower the Company's CNG price.

5. The Commission first approved the Company's Rate Schedule "NGV" in October of 1997.<sup>1</sup> At that time the CNG price was set at the equivalent price of unleaded regular gasoline as published by the American Automobile Association ("AAA"). The next revision to Rate Schedule "NGV" was made in May of 2002 when the reference to AAA was changed to the Energy Information Administration ("EIA"),<sup>2</sup> which is part of the U.S. Department of Energy ("DOE").

6. Since the last revision of Rate Schedule "NGV" in 2002, the CNG market for NGVs has significantly expanded nationally and in the region. In the March of 2002 edition of the Clean Cities Alternative Fuel Price Report ("DOE Price Report"), the DOE calculated the average CNG price for the central Atlantic region based on only one

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<sup>1</sup> PSC Order No. 4400, dated February 4, 1997, in PSC Docket No. 95-73.

<sup>2</sup> PSC Order No. 5932, dated April 16, 2002, in PSC Docket No. 01-307.

respondent.<sup>3</sup> In the most recent edition of that report, published in October of 2014, the average CNG price for the central Atlantic region included 97 data points.<sup>4</sup> With 97 CNG fueling stations in the region, and a credible independent reporting agency accumulating the data on a quarterly basis, there is no longer any reason to tie CNG prices to gasoline prices.

7. The Company notes that, up until very recently, gasoline prices have been significantly higher than equivalent CNG prices. In DOE's October 2014 Price Report, which is the latest published edition, the average price of CNG in the central Atlantic region was \$2.11 per gasoline gallon equivalent ("GGE") while the average price for gasoline was \$3.36 per gallon. When the Company set its NGV CNG price for February 2015, the benchmark used for gasoline was \$2.19 per gallon.<sup>5</sup> The proposed tariff change, therefore, would lower the Company's CNG price by \$0.08 per gallon (*i.e.*; from \$2.19 per gallon to \$2.11 per gallon) if placed into effect today. If gasoline prices return to historical levels from the last several years, the difference of course will likely be greater.

8. The Company also notes that the existing Rate Schedule "NGV" includes a floor on the price that it can charge for CNG, which acts as protection for the Company's firm sales customers against subsidizing NGV service. That floor is set at the Company's cost of company-use gas. The Company does not propose any changes to that clause in Rate Schedule "NGV". As such, while the CNG price will likely decrease as a result of this change, CNG service will not be subsidized by the Company's other customers.

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<sup>3</sup> See [http://www.afdc.energy.gov/pdfs/afpr\\_3\\_28.pdf](http://www.afdc.energy.gov/pdfs/afpr_3_28.pdf) at Page 2, Table "CNG Price Trends."

<sup>4</sup> See [http://www.afdc.energy.gov/uploads/publication/alternative\\_fuel\\_price\\_report\\_oct\\_2014.pdf](http://www.afdc.energy.gov/uploads/publication/alternative_fuel_price_report_oct_2014.pdf) at Page 5, Table 5.

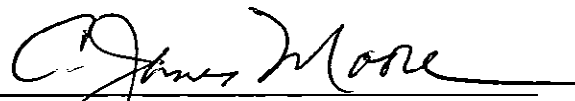
<sup>5</sup> U.S. Energy Information Administration, Gasoline and Diesel Fuel Update, reported January 26, 2015, average regular gasoline price for the Central Atlantic area; <http://www.eia.gov/petroleum/gasdiesel/>.

WHEREFORE, the Applicant prays as follows:

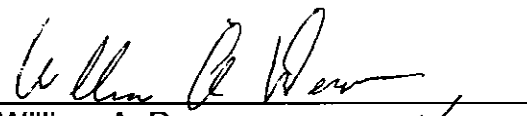
A. That the Commission file this Application and schedule it for a hearing before the Commission at a regularly scheduled meeting; and

B. That the Commission approve the proposed revisions to Rate Schedule "NGV" of the Applicant's Delaware tariff, effective April 14, 2015.

CHESAPEAKE UTILITIES CORPORATION

BY:   
C. James Moore  
Vice President

Parkowski, Guerke & Swayze P.A.

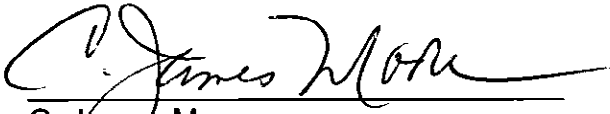
BY:   
William A. Denman  
116 West Water Street  
Dover, DE 19903  
Attorney for Applicant

DATED: February 13, 2015

DATED: FEBRUARY 13, 2015

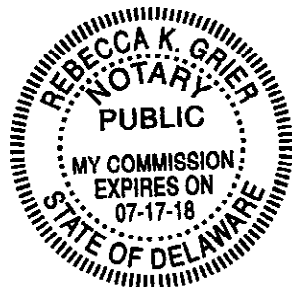
STATE OF DELAWARE )  
 )  
COUNTY OF KENT )

BE IT REMEMBERED that on this 13<sup>TH</sup> day of February 2015 personally appeared before me, a notary public for the State and County aforesaid, C. James Moore, who being by me duly sworn, did depose and say that he is Vice President for Chesapeake Utilities Corporation, a Delaware corporation and insofar as the Application of Chesapeake Utilities Corporation states facts, said facts are true and correct, and insofar as those facts are not within his personal knowledge, he believes them to be true, and that the schedules accompanying this application and attached hereto are true and correct copies of the originals of the aforesaid schedules, and that he has executed this Application on behalf of the Company.

  
C. James Moore  
Vice President

SWORN TO AND SUBSCRIBED before me the day and year above written.

  
Notary Public  
My Commission Expires:



BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF )  
CHESAPEAKE UTILITIES CORPORATION )  
FOR APPROVAL OF CHANGES TO RATE ) P.S.C. DOCKET NO. 14-  
SCHEDULE "NGV" OF ITS DELAWARE TARIFF )  
(FILED FEBRUARY 13, 2015) )

CERTIFICATE OF SERVICE

I, William F. O'Brien, do hereby certify that on February 13, 2015, a copy of Chesapeake Utilities Corporation – Delaware Division's application for approval of changes to Rate Schedule "NGV" of its Delaware Tariff was issued to the following persons in the manner indicated:

**VIA ELECTRONIC DELIVERY**


JASON R. SMITH  
DELAWARE PUBLIC SERVICE COMMISSION  
861 SILVER LAKE BLVD  
SUITE 100  
DOVER, DELAWARE 19904

**VIA ELECTRONIC DELIVERY**

WILLIAM A. DENMAN, ESQUIRE  
PARKOWSKI, GUERKE AND SWAYZE P.A.  
116 WEST WATER STREET  
P. O. BOX 598  
DOVER, DELAWARE 19903

**VIA ELECTRONIC DELIVERY**

DAVID BONAR, PUBLIC ADVOCATE  
DIVISION OF THE PUBLIC ADVOCATE  
JOHN G. TOWNSEND BUILDING  
401 FEDERAL ST, STE 3 (SOS)  
DOVER, DE 19904

  
\_\_\_\_\_  
William F. O'Brien  
Director of Pricing & Regulatory Affairs



**RATE SCHEDULE "NGV"**

**NATURAL GAS VEHICLE SERVICE**

**AVAILABILITY**

This rate schedule is available to any customer operating a motor vehicle that is capable of using compressed natural gas ("CNG") as a fuel if the equipment installed on the vehicle meets industry recognized standards and if the operator is authorized by the Company to fuel a motor vehicle with the CNG as the result of completing the Company's training program or a program determined by the Company, in its sole discretion, to be an equivalent training program.

This gas service will be available at Chesapeake Utilities Corporation, 350 South Queen Street, Dover, Delaware 19904. Service hereunder is subject to availability of the Company's gas supply, adequate distribution system capabilities and other resources available to and as determined by the Company.

This gas service is subject to interruption, at the Company's option, at any time during the year without notice and for an indefinite period of time. The Company has no obligation whatsoever to make CNG available to any customer and may interrupt service at any time without notice.

**TERM**

Service under this contract will terminate, with 90 days notice, at the discretion of the Company or the Commission. This notice shall be given by registered letter.

**COMMODITY CHARGE (Posted Price)**

The price per Ccf of CNG will be posted at the CNG Station on the first day of each month and will be set at the ~~Ccf-equivalent price of a gallon of unleaded regular gasoline at self-service pumps~~ average price for CNG for the central Atlantic region as published by the U.S. Department of Energy in its most recent Clean Cities Alternative Fuel Price Report or its successor publication Information Administration, plus any applicable tax imposed by any governmental entity on natural gas sales or CNG sales.

The price charged to any customer will be reduced from the posted price to the extent the posted price includes a tax or taxes imposed by any governmental entity on natural gas sales or CNG sales and the customer is exempt from such tax or taxes.

If the customer is exempt from federal or state taxes imposed with respect to sales of CNG gasoline for motor vehicle use, the price charged to the customer will be reduced from the posted price by the ~~Ccf-equivalent of the tax or taxes on CNG~~ gasoline from which the customer is exempt.

In no event will CNG be sold if the price as determined above is below the price level established for Company-Use Gas.

**Effective Date:** For Bills Rendered on and after September 3, 2008

**Authorization:** Order No. 7434 dated September 2, 2008 in PSC Docket No. 07-186

**RATE SCHEDULE "NGV"**

**NATURAL GAS VEHICLE SERVICE**

**AVAILABILITY**

This rate schedule is available to any customer operating a motor vehicle that is capable of using compressed natural gas ("CNG") as a fuel if the equipment installed on the vehicle meets industry recognized standards and if the operator is authorized by the Company to fuel a motor vehicle with the CNG as the result of completing the Company's training program or a program determined by the Company, in its sole discretion, to be an equivalent training program.

This gas service will be available at Chesapeake Utilities Corporation, 350 South Queen Street, Dover, Delaware 19904. Service hereunder is subject to availability of the Company's gas supply, adequate distribution system capabilities and other resources available to and as determined by the Company.

This gas service is subject to interruption, at the Company's option, at any time during the year without notice and for an indefinite period of time. The Company has no obligation whatsoever to make CNG available to any customer and may interrupt service at any time without notice.

**TERM**

Service under this contract will terminate, with 90 days notice, at the discretion of the Company or the Commission. This notice shall be given by registered letter.

**COMMODITY CHARGE (Posted Price)**

The price per Ccf of CNG will be posted at the CNG Station on the first day of each month and will be set at the average price for CNG for the central Atlantic region as published by the U.S. Department of Energy in its most recent Clean Cities Alternative Fuel Price Report or its successor publication, plus any applicable tax imposed by any governmental entity on natural gas sales or CNG sales.

The price charged to any customer will be reduced from the posted price to the extent the posted price includes a tax or taxes imposed by any governmental entity on natural gas sales or CNG sales and the customer is exempt from such tax or taxes.

If the customer is exempt from federal or state taxes imposed with respect to sales of CNG for motor vehicle use, the price charged to the customer will be reduced from the posted price by the tax or taxes on CNG from which the customer is exempt.

In no event will CNG be sold if the price as determined above is below the price level established for Company-Use Gas.

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**Issue Date:**

**Effective Date:**      **For Bills Rendered on and after**

**Authorization:**

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF )  
CHESAPEAKE UTILITIES CORPORATION FOR )  
APPROVAL OF CHANGES TO RATE SCHEDULE ) PSC DOCKET NO. 14-  
"NGV" OF ITS DELAWARE TARIFF )  
(FILED FEBRUARY 13, 2015) )

PUBLIC NOTICE

**TO: ALL NAURAL GAS VEHICLE CUSTOMERS OF CHESAPEAKE UTILITIES  
CORPORATION AND OTHER INTERESTED PERSONS**

On February 13, 2015, pursuant to 26 Del. C. §§ 201, 301 and 304, Chesapeake Utilities Corporation ("Chesapeake" or the "Company") filed an application with the Delaware Public Service Commission (the "Commission") seeking to change the price it charges for compressed natural gas ("CNG") under Rate Schedule "NGV" - Natural Gas Vehicle Service. Under the existing Rate Schedule "NGV" the Company sets the price of CNG at the equivalent price of unleaded regular gasoline as published by the Energy Information Administration. Under its proposed revision to Rate Schedule "NGV," the Company would set the price for CNG at the average CNG price in the central Atlantic region, as published by the U.S. Department of Energy in its quarterly Clean Cities Alternative Fuel Price Report.

The Company is requesting that the proposed changes be effective on April 14, 2015.

The Commission has scheduled an evidentiary hearing at its regularly scheduled meeting on \_\_\_\_\_, at 1:00 p.m., in its hearing room located at 861 Silver Lake Boulevard, Cannon Building, Dover, Delaware 19904. If the Commission receives any

objections to the application, then it may decide to assign a hearing examiner to establish a procedural schedule and conduct an evidentiary hearing at a later date. The Commission's final decision will be based on the evidence presented at the evidentiary hearing.

If you wish to formally participate as a party in this matter, with the right to present evidence and be represented by counsel, you must file with the Commission a written petition requesting leave to intervene in accordance with the requirements of the Commission's Rules of Practice and Procedure (26 Del. Admin. C. §1001-2.9) **on or before** \_\_\_\_\_, 2015. All such petitions should be filed in the Commission's Delafile system which is located on the PSC website (<http://depssc.delaware.gov>). If you need assistance with filing your petition, please contact the docket's case manager, \_\_\_\_\_, at \_\_\_\_\_ or (302) 736-7549.

Petitions filed after the deadline will not be considered except for good cause shown.

You are invited to review Chesapeake's application and supporting documents to determine how your interests may be affected. You may review documents posted on the Commission's website in its Delafile system by searching Docket 14-\*\*\*. If you would like to review documents at the Commission's offices, please contact the Commission at (302) 736-7500 to arrange a time for your review. You may also review copies of Chesapeake's application and supporting documents at the office of the

Division of the Public Advocate located at 29 South State Street, Dover, DE 19901. Please call (302) 241-2555 to arrange for a time to review the documents at that location.

If you wish to request copies of documents in this matter, please submit a Freedom of Information Act Request Form. This form may be found at <http://smu.portal.delaware.gov/cgi-bin/mail.php?foia-request&subj=DOS>. There is also a link to the Freedom of Information Act Request Form on the Commission's website at <http://depssc.delaware.gov/default.shtml>. The Commission will respond to your request in accordance with the Delaware Freedom of Information Act, 29 Del. C. ch. 100.

If you have a disability and wish to participate or to review the materials in this matter, please contact the Commission to discuss any auxiliary aids or services you might need to help you. You may contact the Commission in person, by writing, by telephone (including text telephone), by Internet e-mail, or other means.

If you have questions about this matter, you may call the Commission at 1-800-282-8574 (toll-free in Delaware) or (302) 736-7500 (voice and text telephone). You may also send questions regarding this matter by Internet e-mail addressed to [pssc@state.de.us](mailto:pssc@state.de.us).